

1 sender. My role is only as sender.

2 And so, we took that customer feedback  
3 and we developed a product called xVia. And xVia  
4 is primarily for senders. We just made it -- it's  
5 pretty much xCurrent, but a slimmed down version of  
6 xCurrent.

7 If you bought a car before, you can get  
8 the model with all the features or you can get the  
9 basic model. I think it's called the base model.  
10 You can think of xVia as the base model.

11 Q And are the potential or actual users of  
12 xVia the same as the potential and actual users of  
13 xCurrent?

14 A No. The reason we created two separate  
15 names and products is because there was a customer  
16 segmentation difference. XCurrent is for money  
17 transmitter -- sorry, payment providers, MSBs, that  
18 wish to either receive only or both send and  
19 receive.

20 So, receive only, for example, banks in  
21 India, banks in Mexico, those are typically receive  
22 countries, destination countries for payments. So  
23 they buy the xCurrent product. If you are a large  
24 bank, like [REDACTED] or [REDACTED] you want  
25 to send and receive. So you would also buy

1 xCurrent. But if you are a customer that only wants  
2 to send, then you would buy xVia.

3 Q Got it. When did xVia first become  
4 available?

5 A I don't know.

6 Q Does -- is 2018 sound accurate to you?

7 A It was available in 2018. If it was  
8 released in 2018, I'm not a hundred percent sure.  
9 It was -- the range was 2017 to 2018.

10 Q Okay. And how does Ripple make money  
11 from xVia; is it the same way it makes money from  
12 xCurrent?

13 A I don't know about the consulting or  
14 integration services because it's a slimmed down  
15 product, so I can't talk about that portion. There  
16 is a licensing component for xVia. I'm not  
17 familiar with the details of the licensing  
18 component of xVia.

19 Q And do you know what total sales and  
20 revenues are from xVia since it was introduced?

21 A I don't know.

22 Q Do you have any -- can you approximate?

23 A I don't know.

24 Q Is sales and revenue information for  
25 either xCurrent or xVia disclosed anywhere?

1 MR. CERESNEY: Publically disclosed?

2 MS. WAXMAN: Publically.

3 A I don't know.

4 Q If that is information that I wanted to  
5 find out, is there any way for me to find it out  
6 using publically available information?

7 A I don't know.

8 Q How does Ripple market xCurrent and xVia  
9 to potential and actual customers?

10 MR. CERESNEY: Do you mean -- well do you  
11 mean how -- what messages they market with or who  
12 markets it? Or --

13 MS. WAXMAN: Just kind of a very broad  
14 question. I'll -- thank you.

15 Q How does -- I'll skip it for now.

16 Earlier you were talking about the  
17 network. What -- is there a suite of products that  
18 the network -- the Ripple network is comprised of?

19 A It's pretty technical. But, technology  
20 especially in Silicon Valley has moved to something  
21 called microservices. And so, if you -- if you use  
22 Google, for example, or G-mail, like there's  
23 thousands of microservices that comprise G-mail and  
24 those services are maintained by a suite, a team of  
25 developers and testers and deployment experts. And

1       so, the answer to your question is, that it's --  
2       RippleNet is now broken out into thousands of  
3       microservices that Ripple has developed.

4           Q     Okay. Thousands of services.

5           A     These are like software -- if you've  
6       heard of like APIs or it's like an interface,  
7       that's what I mean by microservices.

8           Q     Other than -- you said earlier that if  
9       people wanted -- other than the xCurrent, xVia  
10      product and the xRapid product, is there any other  
11      product that someone could sign on to in connection  
12      with the Ripple network?

13          A     When you say, "sign on to", do you mean  
14      that they can like purchase, that we'd go out and  
15      kind of get them to purchase and use? Or --

16          Q     I'm just trying to understand when --  
17      when -- when the company uses -- when you and the  
18      company use the term Ripple Network, what do  
19      every -- what do customers think of; are they  
20      thinking xCurrent, x-Via, xRapid or what does that  
21      mean to people?

22          A     You know, very generally it really  
23      matters in terms of like the context of what  
24      customer. But, very generally it means that it's  
25      a -- it's just a more efficient way to move money



1 cross boarder.

2 And we specifically try to target  
3 customers where we have network coverage. And so,  
4 for some customers it might be, this is the best  
5 way to send money to India. To others customers  
6 might be, this is the best way to send money to,  
7 you know, Brazil. And then others it could be,  
8 this is the best way to send money to Mexico. For  
9 other customers the context could be, this is a new  
10 way to get more business.

11 Because maybe you were a small regional  
12 bank, but now you can actually provide your service  
13 of clearing payments, for example, into Thailand  
14 for this global network. So the context really  
15 matters in terms of answering the question.

16 Q So when come company issues a press  
17 release, and is talking about the Ripple network,  
18 how is the public supposed to know what that means?

19 A I'm not aware of every press release.  
20 Especially, you know, recently, I've not gone  
21 through every press release. But, there are press  
22 releases that, you know, when there's ODL  
23 available, there are press releases that mention,  
24 you know, ODL. And there are press releases that,  
25 you know, mention the base product xCurrent or

1 RippleNet.

2 Q Okay. But when I asked you earlier what  
3 is -- when the company refers to the Ripple  
4 network, I'm trying understand what that actually  
5 means. And I understood that it was referring to  
6 the suite of products that Ripple offers which  
7 includes xCurrent, xVia and xRapid.

8 Is that understanding correct or -- I  
9 mean from your answer, I -- you're -- I think  
10 you're saying, but tell me if I'm wrong, that  
11 Ripple network is some much larger thing, term, or  
12 you know, concept.

13 A What I'm referring to is that it's a  
14 network. Meaning that, how we -- in the early days  
15 in 2000 and we don't have the -- 2014 or '15, there  
16 wasn't a network. And so, it was more like a  
17 software, right? Like you're buying this software,  
18 you can connect it with one of your partners and  
19 that's not really a network.

20 Now, with a lot of live financial  
21 institutions and banks around the world, it is a  
22 network. So, that's similar to how technology  
23 networks work as well. Like Facebook when it was  
24 created wasn't a network, it was some -- I don't  
25 know, I forgot what it was. It was some way to

1 look at your class pictures. Then it evolved into  
2 a network when more and more folks joined and were  
3 able to connect with each other.

4 And so that's what I'm referring to, the  
5 evolution of Ripple products at the beginning  
6 wasn't a network. It was just like maybe one bank  
7 connecting to another bank. Or maybe even using  
8 our software to connect internal systems at a bank.

9 But then it flourished into this network.  
10 And so, that's why I'm making the distinction, is  
11 that when folks join RippleNet they're often  
12 joining because this is a better way to send money  
13 into India or to Mexico. And depending on where  
14 you're sending money, it may use the ODL xRapid  
15 product or it may not use the ODL xRapid product.  
16 That's what I was referring to.

17 Q Okay. So, I think -- now I understand  
18 better what you're referring to a network of users.

19 A A network of customers, like financial  
20 institutions, regulated financial institutions,  
21 banks around the world.

22 Q And then if you wanted to sign up for  
23 xCurrent or xVia, is it --do you have to sign up to  
24 these services separately or is there a way to pay  
25 one fee and you get both of them?

1           A     So, now you just join RippleNet. And  
2     those names have gone away, and there's essentially  
3     a API, which is an interface into a software, so  
4     you can think of this as you're selling access to  
5     this technology network of financial institutions.  
6     And that's really what we're out there selling.

7           Q     So, is it a one fee that you pay to sign  
8     on to -- to gain access to those services?

9           A     With RippleNet, I don't know like the  
10    complete specifics of the contract. But -- and it  
11    really depends by, you know, the customer type and  
12    how they deploy the software. But it can be a  
13    software fee, it could be a per-transaction fee.  
14    It could be, as I mentioned earlier for certain  
15    customers, an integration or consulting fee.

16           MS. WAXMAN: How are people doing on  
17    time? I could --

18           MR. CERESNEY: Can take lunch at some  
19    point.

20           MS. WAXMAN: Do you want to stop now or  
21    do you want to -- it would be a good time to stop  
22    now. Or we could go to 1:30, whatever people  
23    prefer.

24           MR. CERESNEY: Why don't we stop now and  
25    then we'll take lunch and then come back 30 to 40



1 minutes.

2 MS. WAXMAN: Okay. Does 1:30 work?

3 MR. CERESNEY: Yeah, why don't we do  
4 that. Yeah. We're good.

5 MS. WAXMAN: We're off the record at  
6 12:49 p.m.

7 (A brief recess was taken.)

8 MS. WAXMAN: It's 1:34 p.m. and we're  
9 back on the record.

10 Q Mr. Birla, while we were off the record,  
11 did you have any substantive conversation with the  
12 staff?

13 A No.

14 MS. WAXMAN: Counsel, can you confirm.

15 MR. CERESNEY: Yes, we did not have  
16 substantive conversation.

17 Q So, let's talk a little bit about exactly  
18 what XRP is. I know we mentioned it earlier before  
19 we broke.

20 But, can you tell me -- can you explain  
21 what XRP is and how it was -- how it was created?

22 A XRP is a digital asset or virtual  
23 currency. And my definition of a virtual currency  
24 or a digital asset means that it hasn't -- does not  
25 have a counter-party. Meaning, there isn't a --



1 just like Bitcoin or Ethereum, there's not a  
2 corporation, person, organization that either  
3 issues or is responsible for the resulting virtual  
4 currency.

5 It's other sort of adjectives would be  
6 trustless, meaning, you do not need to trust an  
7 organization, an entity or person, you essentially  
8 trust code and algorithms run by computers.

9 And those are, you know, properties of  
10 XRP. XRP has other properties that make it  
11 conducive for pay -- payments. Low cost, meaning  
12 to move XRP on the XRP ledger it's transaction fees  
13 are very low. It's fast. I was mentioning it's  
14 governed by the consensus protocol, which proposes  
15 and confirms a new ledger every five seconds. And  
16 so, it usually settles in less than five seconds.

17 Q Is XRP the native digital asset to the  
18 XRP ledger?

19 A XRP is the only native digital -- virtual  
20 currency on the XRP ledger.

21 Q And who wrote the code that created the  
22 XRP token?

23 A I don't know.

24 Q Did the creators of XRP ledger also  
25 create XRP?

1           A     I don't know.

2           Q     Earlier, I think I asked -- I'll ask  
3 again, who created the XRP ledger?

4           A     I don't know all, you know, everyone that  
5 contributed. The -- David Schwartz, I believe it  
6 was Jed McCaleb, you know, Arthur Britto were, you  
7 know, large software contributors. Meaning, they  
8 contributed a large amount of the -- the code base  
9 from my knowledge.

10          Q     And did they create XRP?

11          A     I'm not -- yeah, I guess I don't  
12 understand the question. Like the -- XRP is sort  
13 of native to the XRP ledger. And so the deploying  
14 of the entire software and the package there's a  
15 distinction there where the code, technically, the  
16 code created the XRP -- XRP token.

17          Q     Well, I just -- I understand that the  
18 code created the token and these guys contributed  
19 to the software code.

20                Do you know if there was anyone else who  
21 was involved in the separate -- the separate  
22 creation of the actual XRP token?

23          A     I don't know.

24          Q     Okay. And when did they -- when was --  
25 do you know when the XRP tokens were created?

1 A I do not know.

2 Q And how many were created?

3 A From my knowledge -- you're asking how  
4 many XRP virtual currency units were created?

5 Q Yeah. How many -- or how many XRP exist  
6 today?

7 A Those -- there are two different answers.  
8 I don't know how many exist today. Part of the --  
9 the protocol is that to use the protocol you burn  
10 XRP. And so it's destroyed. So, I don't know how  
11 many are remaining.

12 Q How many were originally created?

13 A I believe the number is 100 billion XRP  
14 units.

15 Q And did you have -- did you ever discuss  
16 the creation of a hundred billion XRP with either  
17 David Schwartz, Jed McCaleb or Arthur Britto?

18 A I don't recall ever having conversations  
19 with any of those folks regarding the creation of  
20 XRP.

21 Q Okay. At the time that you joined the  
22 company, did you have an understanding of why XRP  
23 token -- the XRP token was created?

24 A I had novice understanding of why it was  
25 created.

1 Q And what was your understanding?

2 A My understanding was that similar to, you  
3 know, Bitcoin, that when you have decentralized  
4 code running out there, meaning, there isn't a  
5 company or a entity or person, there's only  
6 computers that are running that code, you need some  
7 way to essentially govern the code and the  
8 blockchain.

9 When I say "govern", I mean, if someone  
10 submits a bunch of transactions, how does that  
11 software decide which transactions get processed in  
12 what order. And traditional fiat currency doesn't  
13 work because as soon as you introduce fiat  
14 currency, you know -- what I mean by fiat currency,  
15 I mean, U.S. dollars for example, would be an  
16 example of fiat currency -- the reason that fiat  
17 currency doesn't work is because when you introduce  
18 fiat currency, you introduce a counter-party.

19 Meaning, someone has to pay for -- some  
20 entity or person has to pay, for example, fiat  
21 currency as U.S. dollars for the system. So that  
22 does not make it trustless, that does not make it  
23 counter-party free.

24 Why digital assets, virtual currencies,  
25 are created in the case of, you know, both Bitcoin

1 and XRP is that for the ledger to work properly you  
2 need this kind of governance mechanism. You need  
3 the ability to, you know, levy fees on the  
4 ecosystem that is using the XRP ledger. One of the  
5 reasons would be, how do you deal with spam in a  
6 decentralized world. Meaning, what happens if  
7 someone tries to submit a million transactions all  
8 at once and overload the system.

9 Well, if you introduce a fee, and it's a  
10 trustless counter-party fee, in issuance of initial  
11 currency or -- digital asset or virtual currency,  
12 then you can dynamically change how much it is to  
13 have a transaction on Bitcoin or XRP ledger.

14 And that's why during high times of  
15 usage, the fee dynamically goes up until  
16 congestion, you know, subsides and then the fee  
17 dynamically goes down both in the XRP ledger and  
18 the Bitcoin ledger.

19 Q So, if I understand what you're saying,  
20 XRP serves some sort of purpose in that it is --  
21 acts as a -- there's a transaction fee that can be  
22 paid in XRP for transactions that occur on the XRP  
23 ledger.

24 A Right. And to provide governance for  
25 things like spam and congestion. Another



1 clarification is that, that fee is destroyed.  
2 Meaning, there isn't any entity, a person that  
3 receives that fee. It's really just destroyed by  
4 the system.

5 Q Okay. Were there any reason -- or does  
6 XRP serve any other purposes other than what you  
7 just described?

8 MR. CERESNEY: Just to be clear he  
9 started the last answer -- not describing the spam  
10 thing but the trustless piece and lack of  
11 counter-party. I just want to make sure that's  
12 not lost. 'Cause your -- you summarized when you  
13 said focusing on the spam piece, but there was the  
14 other piece that he explained.

15 MS. WAXMAN: Got it. Thank you.

16 MR. CERESNEY: Yeah.

17 Q So other than using XRP to pay for -- as  
18 a fee for paying transactions and a way to send  
19 money without using a middleman or a counter-party,  
20 are there any other -- any other reasons that XRP  
21 was created?

22 A Are you asking in general like beyond the  
23 protocol or within the protocol, within XRP ledger  
24 or like broader than that?

25 There are reasons that it's created for

1 the protocol, and there are reasons --

2 Q Yeah. So, outside of the actual  
3 functionality of the XRP in relation to how the  
4 protocol works there are other reasons why XRP was  
5 created.

6 A So, I -- I guess I'll break it out into  
7 two. Well, one, it's impossible to predict, like  
8 the number of use cases that blockchain technology  
9 will be used for in the future. Just like with the  
10 internet, when I was an undergrad, I had no idea  
11 that you'd be able to stream TV to your house and  
12 all these other different things.

13 And so, just like that I think it's  
14 really similar with blockchain and virtual  
15 currencies, it's impossible to predict. I'm  
16 fascinated by some of the ideas that people come up  
17 with. So, I don't know -- I don't know all the  
18 different use cases that people will build or could  
19 build on top of this technology. It's more of a  
20 protocol and protocols enables innovation on top of  
21 it.

22 Q Okay. At the time that XR -- the hundred  
23 billion units of XRP was created, how was it  
24 distributed?

25 A I don't know.

1 Q Did Ripple Labs receive a portion of the  
2 XRP?

3 A I believe that to be true, yes.

4 Q And when you say, you believe it to be  
5 true; what's the basis for that?

6 A Well, I know today that Ripple holds in  
7 escrow XRP. Considerable amount of XRP.

8 Q How much XRP does it hold in escrow?

9 A I don't know the exact number of how much  
10 Ripple holds in escrow today.

11 Q Approximately.

12 A Somewhere in the range of 50 billion to  
13 55 billion. Somewhere in that range.

14 Q Okay. Let's take a step back. When you  
15 first accepted the job to join Ripple, what was the  
16 company's business model? What were you told was  
17 the operation of the business?

18 A When you join as a start-up in Silicon  
19 Valley and especially in the early days, and this  
20 has been my philosophy as well that's worked out  
21 for me, is that there's so many things that can  
22 change in terms of a business. There's so many  
23 things that can change in terms of like what you  
24 learn on the journey in developing innovative  
25 businesses that the reason I joined was 'cause I

1 was fascinated by blockchain technology and the  
2 transformative aspects it can have.

3 And then, if you like this technology and  
4 like the space in general -- well, secondly, I  
5 thought that finance hadn't had -- in my opinion  
6 has not had a lot of innovation in the last 50, 60  
7 years and especially with technology. So, I  
8 thought the space was -- something called white  
9 space -- with a lot of room for new entrance to  
10 come in if they have new kinds of technology. And  
11 then the last piece was that I really admired what  
12 Chris Larsen, founder, co founder of Ripple had  
13 done in the past with innovation and the space.

14 So I thought there was no one really  
15 better to lead, you know, new innovation in the  
16 finance biz, coupled with my fascination with the  
17 technology. It's very common to join start-ups  
18 that don't have a clear business model in the  
19 beginning. And then that evolves over time.  
20 Similar to Facebook.

21 When Facebook was invented, I don't think  
22 Mark Zuckerberg or anyone knew what the business  
23 model was until far later on in the company's  
24 evolution.

25 Q Okay. So at the time you joined there

1 was no clear business model for Ripple Labs.

2 Was there a business model, but that  
3 wasn't fully developed?

4 MR. CERESNEY: Just to clarify, you're  
5 using the term "business model". I just want to  
6 make sure you're both understand -- 'cause that  
7 can mean a number of things to different people.  
8 So --

9 MS. WAXMAN: Okay, so --

10 MR. CERESNEY: -- it could mean for  
11 profit. It could mean what your product is, so I  
12 just want to make sure we're on the same -- we're  
13 talking about the same thing.

14 Q Well, I'm just trying to understand is,  
15 at the time you joined, what you understood to be  
16 Ripple's operations, Ripple's product and Ripple's  
17 overall business model.

18 So, really big picture, but also very  
19 gran-- on a granular level and more importantly,  
20 how was this company going to make money and give  
21 you a paycheck every week.

22 A So, I'll answer the first part of the  
23 question, which is -- and then we can go to the  
24 second part.

25 The first part was Ripple products,



1 Ripple -- or what were Ripple products, what were  
2 Ripple -- you know, I forgot the -- Ripple products  
3 and what was the other question, operations?

4 Q It was operations, products and just  
5 general business model focus.

6 A I think it's a pretty similar story to a  
7 lot of other start-ups, but when you join a  
8 start-up that early on, as a first-product hire,  
9 your job is to figure out what the products are for  
10 the company. And so there weren't -- that was part  
11 of my -- part of the reason I was hired was to  
12 figure out what products Ripple should be building.

13 Q And what was at your disposal at that  
14 point, what were you going to use to build product?

15 A Can you clarify a little bit?

16 Q Yeah, I'll just ask a different question.

17 If they had no products, how was the  
18 company going to make money?

19 A As a typical -- with like early stage  
20 start-ups you -- especially in the tech space and  
21 especially in Silicon Valley, you raise money.  
22 Venture capital money. And, you know, we had a  
23 notable founder. And, you know, the space was wide  
24 open in terms of, you know, finance. And so, the  
25 answer to the question is, you know, venture

1 capital money financing.

2 Q And was your mandate to build and I use  
3 that word -- right, was -- were you supposed to  
4 build products that -- on top of the Ripple ledger  
5 and products that were to use XRP?

6 A I think you're referring to the XRP  
7 ledger?

8 Q Yeah.

9 A You know, the -- early on in the day,  
10 early on at Ripple, and the way that Chris operates  
11 in general, he sort of left that up to me.

12 You know, again, myself being a believer  
13 in blockchain technology, I thought it made a lot  
14 of sense and one of the things you do as a product  
15 person is you're supposed to try to figure out  
16 where your differentiation is going to be compared  
17 to all the incumbent solutions and the incumbent  
18 providers in your space.

19 And so, I don't remember anyone telling  
20 me, again, the company was very small at the time,  
21 but I don't remember anyone telling me that you  
22 must do this. But I do, again, remember that I  
23 thought this technology, and I still do believe  
24 that technology, blockchain technology is going to  
25 be transformative and going to change the way we

1     conduct finance throughout our lives.

2           Q     In terms of Ripple, you said Chris Larsen  
3     left it up to you to -- whether or not to build  
4     products using XRP or using the XRP ledger.

5                     But, what would be the benefits to Ripple  
6     to build products that use XRP or were built on top  
7     of the XRP ledger?

8           A     So, as the product guide, the one benefit  
9     that I saw was that payments in general and finance  
10    in general is -- is -- you have a lot of big  
11    institutions in payments, and you have a lot of big  
12    institutions in finance, and there's a lot of early  
13    stage start-ups -- not early stage, but just  
14    general technology companies in that space.

15                    And so, as a product person I have to  
16    answer why am I going to be something called, 10  
17    times better than the solutions out there. And so,  
18    I really believe that using this technology, we  
19    would be 10 times better in terms of product  
20    experience, compared to in incumbent solutions. I  
21    thought that technology was that transformative.

22           Q     That makes sense. I'm a big believer in  
23    the technology too, distributive ledger. Think it  
24    could be really transformative in a lot of ways.

25                    What are -- what would be the specific

1 benefits of building products using XRP? And I  
2 want to distinguish XRP from the XRP ledger.

3 A Well, one thing that we heard over and  
4 over again, and I'm not saying that this was -- it  
5 didn't like just hit me day one, when I was at  
6 Ripple, but, one thing that we heard over and over  
7 again from customers was that cross-boarder  
8 payments -- like we tried -- like I mentioned, we  
9 tried a whole bunch of other things like loyalty  
10 points, and one thing that we heard was that  
11 cross-boarder payments was a big friction part.  
12 Like big friction in their daily lives. Especially  
13 as e-commerce businesses have gone from local to  
14 global almost overnight.

15 And so, now, all of a sudden this local  
16 company that was in San Francisco is now in five  
17 different locations around the world. And now they  
18 have to figure out how to deal with cross-boarder  
19 payments. We just kept hearing that again and  
20 again. So we tried to pitch some, maybe some other  
21 solutions but they kept saying, well, what do you  
22 have for cross-boarder payments.

23 So then I started looking at, well, how  
24 can we potentially solve that. And I learned how  
25 the -- how money moved today. It's very slow and



1 people have to pre-fund in the destination. That  
2 example I gave earlier with U.S. bank have to  
3 prefund with the Mexican bank whole pesos, long  
4 term to conduct payments. That was something that  
5 I was like, well why -- why does it work that way.

6 And that was because people don't trust  
7 banks and financial institutions around the world.  
8 They don't trust everyone. There's no central bank  
9 for the world. There's a central bank for the U.S.  
10 Other banks and financial institutions can just  
11 trust a central bank to settle funds, but there's  
12 nothing like that around the world.

13 And that's where I was like, well, you  
14 know, and the entire team was like, well, folks can  
15 start instead of having to open these accounts with  
16 each other, why don't they use a digital asset.

17 And, again, customers told us they wanted  
18 speed. They wanted to do something that's very low  
19 cost. So we were hearing from our customers  
20 that -- or potential customers at this time, like,  
21 we want to be able to send a \$15 payment. So you'd  
22 have cost really low and they wanted certainty. So  
23 instant payments.

24 And then the last component is, we have  
25 to stay -- our customers wanted to stay in



1     accordance with the law as well. And Chris Larsen,  
2     very early on at Ripple was a strong believer that,  
3     you know, we should be working with regulators and  
4     financial -- regulators and incumbents to make sure  
5     that whatever we build is -- on top of the XRP  
6     ledger -- is compliant.

7             And we worked a lot with regulators and  
8     we worked a lot with financial institutions to  
9     solve that problem. But, really what the big  
10    differentiator that we kept in our mind was,  
11    there's this liquidity issue. This need to  
12    pre-fund because folks don't trust each other. And  
13    then couple that with, you know, the need for speed  
14    and low cost, that's really where I started  
15    thinking that the -- that XRP could, you know, be a  
16    really good customer solution, provide a far better  
17    experience.

18            That 10X better experience that I need as  
19    a product guide, that was -- I felt like the entire  
20    solution, the entire suite coupled with the digital  
21    asset could provide that experience.

22            Q     Why couldn't you provide that -- all  
23    those -- that experience, all those benefits with  
24    Bitcoin or Ether or any other digital asset?

25            A     Well, I don't know the exact dates here,

1 but I don't think -- a lot of those weren't around.  
2 Bitcoin was around.

3 Q Bitcoin was around since 2013.

4 A Yeah, but some, you know, Ethereum -- I  
5 don't believe was around. I'm not 100 percent  
6 sure. Actually, I'm pretty sure they were not  
7 around. So one reason was there wasn't a whole lot  
8 of choices.

9 The other reason is, I mentioned, what  
10 our customers are telling us. And that was, speed  
11 matters and cost matters as well. And we did, not  
12 only some testing, so, we, you know, we actually  
13 wrote code to see how it would perform with -- with  
14 Bitcoin.

15 And two issues came up, you know, that  
16 were, you know, I guess also consistent with what  
17 our customers are telling us. Number one was,  
18 Listen, I can't wait, I can't wait for an hour for  
19 the three confirmations. And so the -- the way  
20 that Bitcoin works is that you need to wait for  
21 confirmations for, you know, to confirm on the  
22 ledger and with each confirmation you get a certain  
23 level of certainty that that transaction can't be  
24 reversed.

25 The general consensus out there with

1 statisticians and mathematicians and  
2 cryptographers, is that you need to wait for three  
3 confirmations on non-congestion days, takes upward  
4 of 20 to -- 20 to 60 minutes. The fees on  
5 non-congestion days takes dollars, a couple of  
6 dollars. On high congestion days with Bitcoin it's  
7 \$40 if you want any sort of speed.

8 And so we talked to our customers. Well  
9 \$40 isn't that much cheaper than using a wire  
10 system. And so, you know, the customer feedback  
11 was, that's not going to work. And so, you know,  
12 it made it loud and clear that they wanted  
13 something that was low cost -- and another thing I  
14 mentioned as well that's really important is, that  
15 if your -- if our customer is telling us they want  
16 to send a \$15 payment and they have to pay \$4 in  
17 fees, that's not going to work for them. And so,  
18 the fee component of the -- was the other reason.

19 Q Okay. So, XRP was a far better choice  
20 than Bitcoin for a lot of reasons -- a lot of what  
21 you just mentioned; speed, cost.

22 At some point, did you come to understand  
23 that Ripple had in it's possession a large amount  
24 of XRP?

25 A At some point, yes. I came into

1 knowledge.

2 Q What -- when did you learn that?

3 A Maybe within the first three months.

4 That's only when I knew about it.

5 Q And how did you come to learn -- first,  
6 how did you come to learn that Ripple had XRP, a  
7 large amount of XRP? And did you know how much  
8 they had?

9 A That's now six some years ago, so I don't  
10 exactly remember. I don't remember at all how -- I  
11 don't remember at all how I came to know that we  
12 had -- that Ripple had, you know, that much XRP.

13 Q I'll just represent to you that at the  
14 time XRP was created, Ripple received 80 billion of  
15 the hundred billion.

16 Earlier today, I asked you if you had any  
17 understanding of how Ripple came to receive that  
18 and I think you said you didn't know; is that still  
19 your --

20 A That's still --

21 Q -- answer?

22 A Yes.

23 Q So, how did that 80 billion XRP fit into  
24 Ripple's business model?

25 A Well, one, I don't actually know if

1 it's -- how did XRP fit into the business model --

2 Q At the time you joined, XRP -- in  
3 September of 2013, how did XRP fit into Ripple's  
4 overall business model, operations or any of the  
5 products?

6 A When I --

7 MR. HECKER: Sorry. Beyond what you just  
8 talked about in terms of XRP being used in  
9 connection with cross-boarder payments?

10 MS. WAXMAN: No. I don't want to go  
11 there.

12 MR. HECKER: Oh, I'm sorry.

13 MS. WAXMAN: So, I'll take a step back.  
14 I'll ask a question.

15 Q At the time you joined, did Ripple have  
16 any products?

17 A We did not have any enterprise products.

18 Q Okay. And, so at the time you joined,  
19 how did Ripple -- how did XRP fit into either  
20 Ripple's operations or Ripple's overall business  
21 model.

22 A From my recollection, I -- it's not  
23 something that I recall even talking about in the  
24 early days of Ripple.

25 Q Okay. Well, earlier just now we spoke



1 about how their -- you were -- your role was to  
2 build products and you -- and there was some  
3 benefits of building products using XRP.

4 So, I mean, that's one way that XRP fits  
5 into the business model; is that correct?

6 MR. CERESNEY: Did you ask him at the  
7 beginning? It sounds like that was over time.

8 Q Well, my understanding from your answer  
9 was that we were really focused at when you first  
10 joined, you said you were responsible for building  
11 products. I asked if those products were going to  
12 use XRP or the ledger. You said that was -- Chris  
13 Larsen gave you leeway to do what you felt you  
14 wanted. And then we spoke about what some of the  
15 benefits were to use XRP and those products.

16 Did XRP fit in to Ripple's business model  
17 in any other way? Did -- was XRP used to fund  
18 Ripple's operations?

19 MR. CERESNEY: In the early days.

20 A I don't -- I don't know if it was used in  
21 the early days to conduct operations. This is --  
22 yeah 2013, I don't know.

23 Q At some point, did you come to realize  
24 that the XRP, the proceeds from sales of XRP would  
25 be used to fund operations?

1           A     Yes. At some point, I learned that,  
2     yeah, XRP would be used to further develop the  
3     ecosystem. And, you know, build Ripple products  
4     around the XRP ledger.

5           Q     When you say that the sale -- the  
6     proceeds of the sales of the XRP would be used to  
7     develop the ecosystem, what do you mean?

8           A     You know, products on top of the XRP  
9     ledger that we could -- sorry, products that we  
10    could use, that would provide customers a better  
11    experience was my role.

12          Q     Well, how would the actual proceeds from  
13    the sales help develop the ecosystem?

14          A     Well, we could have more customers that  
15    are using our Ripple products. And so, you know,  
16    software developers, folks building on top of the  
17    technology, those would be uses of the proceeds.

18          Q     So the company could grow and have more  
19    pay -- have more money to pay its employees who  
20    would hopefully develop more products that would be  
21    sold to customers?

22          A     Sorry, what was the question?

23          Q     Did you come to understand that the  
24    company was using the sales, the proceeds of sales  
25    of XRP to pay employees salaries?

1           A     Specifically to pay employee salaries,  
2     I'm not sure. But in general for Ripple  
3     operations, yes, I was aware of that. Just keep in  
4     mind we had venture capital funding, we have  
5     consulting revenue. So to say -- I don't -- I'm not  
6     part of that kind of -- I'm not on the finance team  
7     where they would allocate different portions to  
8     different parts and I'm not familiar how that kind  
9     of accounting works.

10          Q     Right. So --

11          A     The limits.

12          Q     You don't know the break down of how much  
13     money came in from sales of XRP, and how much money  
14     came in from VCs and when and --

15          A     Exactly.

16          Q     Got it. But, you do know there was -- at  
17     some point you did learn that some of that -- the  
18     proceeds from sales of XRP was used to fund  
19     Ripple's operations?

20          A     Yes.

21          Q     And at what point in time did you come to  
22     that understanding; was that in 2015 or later on?

23          A     I don't know.

24          Q     Was Ripple created as a way to monetize  
25     the Ripple protocol?

1           A     In terms of monetize the protocol, what  
2     do you mean by that?

3           MR. CERESNEY:   You say the Ripple  
4     protocol,   XRP protocol?

5           MS. WAXMAN:   I mean the XRP ledger,  
6     sorry.

7           Q     And when -- you know, could they make  
8     money from the creation of the XRP ledger through  
9     the creation issuance and sale of XRP tokens.

10          A     Are you asking if Ripple was created or  
11     Ripple products were created for that purpose?

12          Q     No, I'm asking whether the XRP token was  
13     created as a way to monetize the XRP ledger.   So a  
14     way to make money off of the creation of the XRP  
15     ledger.

16          A     I don't know.

17          Q     Was that ever discussed with anyone at  
18     the company?

19          A     With -- like, with anyone at the company?  
20     I don't know.

21          Q     Did you discuss that with anyone?

22          A     I did not discuss that with anyone.

23          Q     Have you ever seen any documents where it  
24     spoke about using XRP as a way of monetizing the  
25     XRP ledger?

1           A     I guess I don't quite understand like,  
2     monetizing the XRP ledger. Like the XRP ledger  
3     itself is a decentralized piece of technology. So  
4     I'm not exactly sure what monetizing --

5           Q     Well, since the XRP is decentralized and  
6     it's open source, you can't really charge someone  
7     to use it. So you're not collecting licensing  
8     fees -- you're not licensing software or anything  
9     like that.

10                  So in order to make money from Ripple --  
11     money from the XRP ledger; one way to look at it is  
12     that you have this token and you can sell the  
13     token. That's all I mean by monetize, you know,  
14     make money off of the -- the ledger itself.

15           A     There have been -- I think this is also  
16     really typical of early stage start-ups, there are  
17     a number of different kinds of ways that, you know,  
18     we look at in terms of monetization, I mentioned,  
19     you know, software fees, integration fees, you  
20     know, all our ways of, you know, creating, you  
21     know, revenue for Ripple.

22           Q     But at the time -- when was the first  
23     product, when was Ripple's first product released?

24           A     XCurrent was released some -- I think I  
25     vaguely remember 2014, '15. That time frame.



1 Q My records reflect that it was released  
2 or being sold a little later, kind of in 2016.

3 Would that --

4 A Well, released and sold, could be -- you  
5 could be right. Like I said, I wasn't a hundred  
6 percent certain on the dates, but I do remember  
7 that we were working on it 2015, '14ish. Released  
8 and sold, I think I mentioned to you, I didn't know  
9 the exactly date of when it was first sold.

10 Q Did you ever discuss with anyone at  
11 Ripple the fact that if the price of XRP would  
12 increase, the company would make more money? Or --  
13 I'll let you answer.

14 A I don't recall ever having conversation  
15 where, you know, we would make more money if the  
16 price of XRP would go up like specifically.

17 Q Did you have any discussions with anybody  
18 about how the company could increase the value of  
19 XRP?

20 A From what I recall, like most of my  
21 conversations are around something called liquidity  
22 around XRP, and that's really because for xRapid  
23 and ODL and for the products to function, you need  
24 liquidity. And so, my main focus has been around  
25 like how do we -- how do we get more liquidity

1 around XRP. And, you know, that is a -- that is  
2 paramount to the experience that we want to offer  
3 for ODL and xRapid.

4 Q Okay. I'm sure I'll ask you even more  
5 about that in the couple of minutes.

6 Was XRP a way to allocate value to  
7 persons in Ripple Labs?

8 A I didn't quite understand. Like, are you  
9 saying -- like I mentioned my example of getting  
10 reimbursements. And so that -- I guess, to answer  
11 your question, I could've got U.S. dollars or I  
12 could've got XRP for the reimbursements. And I got  
13 XRP. So, I guess, in that context, yes, value was  
14 provided to me in XRP. If I understand your  
15 question, correctly.

16 Q Well -- I'll ask the better question.

17 Was XRP a way to allocate value to  
18 shareholders in Ripple?

19 A I can only talk about the pitches, I'm  
20 not involved in the investor, you know, investor  
21 updates and things like that.

22 Like I mentioned earlier, my interface  
23 with the investors are primarily through our seed,  
24 Series A, Series B pitches. And from my  
25 recollection in those pitches, I don't recall any

1 mention of, you know, XRP being allocated to them  
2 or XRP being like a reason they should invest in  
3 the company.

4 From my recollection, a Series B pitch  
5 was really a story about software services and  
6 revenue. I believe that was the pitch. But it's  
7 been a while. I don't remember the exact dates of  
8 that, but it's been a while.

9 Q At the time you joined the company, other  
10 than the uses we spoke about earlier about how XRP  
11 functions in connection with the ledger; what was  
12 the use case that the company was -- what were  
13 XRP's use cases and which ones was the company  
14 trying to build products around?

15 A So, are you talking about when I joined  
16 the company?

17 Q Yeah. So prior to the creation -- the,  
18 you know, prior to xRapid -- xCurrent, sorry.  
19 Prior to xCurrent.

20 A Oh, well just to be clear like, you know,  
21 xCurrent, you can use with or without XRP and  
22 xRapid. But when I joined the company, you know, I  
23 was really hired to go in and figure out what kinds  
24 of use cases made the most sense to solve in the  
25 world. And it's a very broad description but

1 that's essentially what product folk do especially  
2 early on at a -- at a start-up. And I had  
3 mentioned to you like a number of use cases. And  
4 keep in mind in 2013, I mean, there wasn't -- there  
5 wasn't really like a guide book or anything like  
6 that. And so we tried a lot of different things;  
7 Starbucks points, loyalty points, trading loyalty  
8 points for Starbucks points --

9 Q Did those things involve XRP?

10 A They involve the -- I mean, at this point  
11 they're just presentations that we were providing.  
12 And we would, you know, try to flow out how, you  
13 know, the technology aspect would work. But I  
14 didn't have to the product built. And so, some of  
15 them were like -- I mentioned something called  
16 prototyping -- some of these were prototypes to see  
17 if there was any, you know, customer improvement,  
18 these are sometimes demos.

19 But, a lot of these were built or  
20 prototyped on top of the XRP ledger and a lot of  
21 them were presentations like flowed down  
22 presentations showing how this would work from a  
23 technical aspect. But I'm not -- I don't remember  
24 which ones we did prototype purposes, which ones we  
25 just did presentation for it. But this is like --



1 like early stage product stuff called  
2 conceptualization and prototyping pace.

3 And what we're trying to achieve is,  
4 like, is there a product market fit. And the  
5 definition of product market fit, as I mentioned  
6 earlier was like, is this going to deliver a 10X  
7 experience better than the incumbent. And if not,  
8 it's really hard to try to, you know, make a dent  
9 in the world and try to dislodge someone else  
10 that's been there for a long time given how small  
11 of a company we are and we were.

12 Q Prior to the creation of xRapid, what did  
13 the company do with this XRP?

14 MR. CERESNEY: You mean in terms of  
15 products?

16 MS. WAXMAN: Sure. Let's start with  
17 that.

18 A So I mentioned that -- I mean it -- it  
19 was a lot of prototyping on the XRP ledger. There  
20 were other companies building businesses that were  
21 not related to XRP -- oh, sorry, not related to  
22 Ripple on top of the XRP ledger.

23 And so, you know, there's like four or  
24 five early on and then, you know, more -- more  
25 after that, after the initial days. We started



1     iterating on the product very early on with, you  
2     know, concept known as xRapid and ODL. The  
3     prohibiting factor was that -- and again this is  
4     early on here -- is that something called  
5     liquidity. And just, I mean these are round about  
6     numbers, but if you want to move a million dollars  
7     of value into Mexico, you need well over a million  
8     dollars of liquidity both at the sending exchange  
9     and the receiving exchange in Mexico and that  
10    didn't exist early on.

11           And so exchanges didn't exist early on  
12    either. I think there was only four or five major  
13    exchanges. And so we iterated on the idea that so  
14    much of building product is timing. And so, you  
15    know, we had the concept. We understood the  
16    customer problem, the timing wasn't quite right  
17    early on.

18           Inside the XRP ledger, there was  
19    native -- and native just means that it's, you  
20    know, inherently built into the protocol itself.  
21    You could use XRP as a bridge currency or bridge  
22    asset and that helped with liquidity. So bringing  
23    liquidity to two non -- two ill-liquid pairs on  
24    that decentralized exchange I was mentioning. So,  
25    for example, if you have Bitcoin and you had --

1 just theoretical here, Starbucks points -- you  
2 could bridge through XRP and make a market.

3 And that was something that the ledger  
4 did natively, which was pretty novel at the time.

5 Q You said the idea of xRapid was developed  
6 early on, how early?

7 A Early concept of it 2013, '14 early  
8 concepts.

9 Q And you said the timing wasn't right  
10 because there was no liquidity.

11 Any other reason why the timing wasn't  
12 right?

13 A Yeah. The other reason was that -- and I  
14 can -- at some time I should probably just go into  
15 how the product works so it makes a little bit more  
16 sense.

17 Would you like me to do that right now?

18 Q No.

19 A To answer the question that might --

20 Q No, you know what, we can -- we can come  
21 back to it. I have it written down. I'll take  
22 notes of it.

23 At some -- were you, I just want to try  
24 to get through the early 2013, 2014 stuff and then  
25 we can move on to xRapid.

1           At some point, did the company give away  
2   XRP?

3           A     Yes.

4           Q     Okay. And were you involved in those  
5   give-aways?

6           A     I was involved mainly from a -- my -- my  
7   role in the give-aways was mainly from product and  
8   technology perspective.

9           Q     So, what specific role did you have in  
10   connection with the give-aways?

11          A     If there was a technology aspect to it,  
12   you know, I helped design those. You know the  
13   technology aspect to the give-aways.

14          Q     Do you know what the purpose of the  
15   give-aways were?

16          A     There was not alignment on what the  
17   purpose of the give-away was?

18          Q     What -- were, can you tell me what all  
19   the -- I know there -- even if there was no  
20   alignment, what were some of the reasons?

21          A     One reason was -- one reason was that  
22   folks could learn, like developers could learn  
23   about how this new technology works. And so, you  
24   know, you could, I remember a lot of early  
25   give-aways were focused on software engineers and

1 developers.

2 I mentioned the core problem that xRapid  
3 ODL had in the early days, and an obstacle to  
4 launch was liquidity. So, some give-aways were  
5 aimed at trying to spur liquidity in key markets.  
6 Those are two examples I remember.

7 Q Any other reasons why the company was  
8 giving away XRP?

9 A Not the one -- not ones that I super  
10 involved in.

11 Q And were the give-aways aimed toward  
12 consumers?

13 A Well, that's a -- I mean, in your  
14 definition a consumer would an engineer developer  
15 be a consumer?

16 Q No. When I say consumer, I mean were the  
17 give-aways a way to encourage people to use XRP to  
18 buy goods and services.

19 A I'm not sure like to -- to actually go,  
20 for example, can you give me an example of --

21 Q Well, you know, now, people can use  
22 Bitcoin to buy goods and services. You can buy  
23 pizza, you know, that's the most common example  
24 that people use, you know.

25 And my question is, was the purpose of



1 some of the -- was one of the reasons that the  
2 company did these give-aways was to encourage  
3 consumer adoption of XRP.

4 So encourage the use of XRP for the  
5 purchase of good and services?

6 A I don't recall that being like a strong  
7 emphasis. Mainly because if you think back into  
8 this time period and you, you know, as you  
9 articulated, purchasing goods and services, there  
10 are very few merchants around the world that could  
11 accept any digital asset or virtual currency.

12 So, it's not -- it's not ringing a -- not  
13 that I remember. Again, the -- the ones that I do  
14 remember are, you know, ones for example, I  
15 mentioned this technology called [REDACTED]  
16 Developers are very -- developers are -- developers  
17 use [REDACTED] I mean almost every developer out there  
18 uses [REDACTED] I remember trying to target developers  
19 on [REDACTED]

20 Again, like a good way to get them to use  
21 and understand this new technology, think back to  
22 this time frame, like very, very few people around  
23 the world understood blockchain or knew how to use  
24 it. And so, you know, that was one focus. And I  
25 had mentioned, in the context of liquidity, which,

1     you know, was something that from at least my  
2     perspective, we needed from product, user  
3     experience point of view, they were some give-aways  
4     that were focused on that.

5           Q     Okay. And so the give-aways to  
6     developers, was that so that developers could  
7     develop applications that used XRP?

8           A     I don't remember if we were that  
9     prescriptive about it. Like I don't know if we  
10    said that you must -- I don't -- that's a really  
11    difficult for me to speculate on. What it was  
12    beyond targeting developers. I don't know if there  
13    was a specific ask of them back for -- for being  
14    part of the give-away.

15          Q     Other than just providing their  
16    credentials?

17          A     In the [REDACTED] example, we didn't get the  
18    credentials. But it's sort of complicated in terms  
19    of explaining how the credentials work. But, we  
20    can go into it if you'd like. But it was targeted  
21    on -- it was more like segmentation. Every  
22    developer uses this technology, let's try to target  
23    where all the community lives. And that was the  
24    main purpose of using something called [REDACTED]

25          Q     Who at the company was responsible for

1 the give-aways?

2 A From my recollection, like I don't -- I  
3 don't remember give-aways being like this long, you  
4 know, long term multi-year thing. At least the  
5 majority of the ones that I remember. And at the  
6 time there was only a handful of people at the  
7 company. Maybe a couple of handful -- handful of  
8 people. And so, I don't know if there was one like  
9 person whose job was solely focused on give-aways.  
10 I do know that my job was, you know, I had to  
11 juggle, you know, the give-aways and then also, you  
12 know, building for the future, you know, potential  
13 products. Kind of figure out the use cases.

14 Q Who would know whether or not a -- what a  
15 developer would have to do in order to get XRP?

16 A Are you -- is the question around, like  
17 at Ripple who would know? Or like what would the  
18 developer need to do, like specifically in the  
19 workflow to get XRP?

20 MR. CERESNEY: You're just asking who at  
21 Ripple was the basic coordinator of the  
22 give-aways.

23 MS. WAXMAN: Yeah. Yeah, you said --

24 MR. CERESNEY: If you wanted to find  
25 somebody who you would ask questions about what

1 would be, what happened with the -- you know, how  
2 the give-aways organized, how it was done, do you  
3 know who that would be?

4 A Yeah. I don't believe there was like one  
5 central person leading like the give-away efforts.

6 MR. CERESNEY: Do you know what area  
7 was --

8 THE WITNESS: Well, it was only 13, 14,  
9 people. So --

10 MR. CERESNEY: Right. So of those 13 or  
11 14, is there somebody you can identify. That's  
12 what I think -- what she's asking.

13 THE WITNESS: Probably the best person  
14 would be Chris Larsen.

15 MS. WAXMAN: Okay.

16 Q So, I recently listened or read a  
17 transcript of an interview that you gave, very  
18 recently in October with Seeking Alpha. It was  
19 posted on Seeking Alpha.

20 A Okay.

21 Q Do you recall that interview?

22 A I do.

23 Q Okay. And in the interview you stated  
24 that 2015 Ripple was re-branded. So, I'm trying to  
25 understand what it was before 2015, if there was



1 one focus and then -- in connection with the  
2 re-branding there was a new focus.

3 A I don't -- do you have the article that I  
4 can look at for context?

5 Q I can -- at a break, I can print it out  
6 for you.

7 A Yeah, maybe we can -- well, I probably  
8 need to see the broader context. I do remember the  
9 interview the -- I do remember the interview but  
10 I'm not sure if it was -- are you -- was it  
11 referring to the product re-branding?

12 Q It was very general. So, and I'm sorry I  
13 don't have it. It was just -- I'm just asking you  
14 generally, there was a statement that Ripple  
15 re-branded. So, I'm asking you, because you worked  
16 at the company, did the product re-brand in 2015 or  
17 was there any other re-branding that went on?

18 A Well, there was product introduction.  
19 Like I mentioned, I don't know exactly when that  
20 happened, sometime around 2015, where we, you know,  
21 branded the products. Like the birth of xCurrent  
22 and I mean, over the years at Ripple there's been  
23 as you even know with ODL to xRapid there's been  
24 just a whole bunch of iterations on the brand.

25 In 2015, I'm not sure I remember exactly